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Wealth Tax as a Tool to Increase Tax Revenues in Polycrisis Times*

Podatek od kapitałów własnych jako narzędzie zwiększenia wpływów podatkowych w czasach polikryzysu

ABSTRACT

During the recent crises (specifically the COVID-19 pandemic and the Russian aggression in Ukraine connected with the increase in energy prices), European governments amended many tax law norms to increase public budgets' revenues and to support business and national economies. Not many of these amendments were related to property taxes. The paper aims to confirm or disprove the hypothesis that the wealth tax could be one of the solutions in the mix of tax amendments in polycrisis times in the Czech Republic. To achieve this aim, it is necessary to introduce and analyse fundamental changes in the area of tax law regulation, focusing on property taxation. The article also analyses individual structural components of wealth taxes collected in European countries. The

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acquired knowledge allows us to decide whether the wealth tax might be an appropriate tax tool in times of polycrisis and possibly to construct an adequate construction of the wealth tax for the Czech Republic and other countries with similar economic development.

Keywords: wealth tax; property tax; polycrisis; Czech Republic

INTRODUCTION

In recent years, Europe has been facing a series of crises covering a variety of areas, from healthcare (COVID-19 pandemic) to security, primarily due to the full-scale military aggression of the Russian Federation against Ukraine. These events have triggered a significant increase in energy prices, a decline in consumer purchasing power and disruptions to global supply chains. In turn, these challenges have posed new tasks for European governments, prompting them to respond swiftly, particularly by adjusting tax policy as a means of fiscal stabilisation and support for national economies. However, most of these measures have focused on indirect taxes, corporate income tax or tax reliefs, while the issues related to property and wealth taxation have not taken a central role in the tax reform agenda.

In the contemporary discourse, wealth taxation is increasingly being considered a potential source of additional public revenue and a tool for reducing socio-economic inequality. This includes various forms of taxation – from annual taxes on individuals' net assets to one-off crisis levies. Nevertheless, against the backdrop of a global trend towards abolishing such taxes (notably in Finland, Germany and Sweden), the question arises as to whether introducing wealth taxes is appropriate for countries with moderate income levels and limited administrative capacities, such as the Czech Republic.

The novelty of this research lies in the revaluation of the role of wealth taxation in times of polycrisis, taking into account the economic and legal specificities of the Czech Republic. Unlike most existing studies, which focus primarily on the potential advantages of such taxation, this paper aims to test the hypothesis concerning the appropriateness of its implementation under current socio-economic conditions.

The objective of the study is to determine whether wealth taxation can effectively serve as a fiscal instrument during a period of crisis in the Czech Republic, taking into consideration international experience, economic challenges, social impacts and domestic legal constraints. To achieve this objective, the following research tasks have been identified:

- to examine changes in the tax policy of the Czech Republic during recent crises;
- to describe the current structure of property taxation in the Czech Republic;
- to explore the legal frameworks regulating wealth taxation in EU Member States;

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– to identify potential economic and social consequences of introducing a wealth tax.

The methodological framework of this research combines several complementary approaches. A comparative method is used to study the experiences of EU countries in wealth taxation, with the aim of identifying models applicable to the Czech context. A systems-structural approach enables a comprehensive assessment of the Czech tax system and its capacity to incorporate new fiscal instruments. Normative legal analysis is applied to identify legal prerequisites and constraints for the implementation of a wealth tax at the national level. Meanwhile, an economic-legal approach is employed to explore the potential fiscal outcomes and social effects, particularly concerning income redistribution and tax equity.

The system of the paper follows the IMRaD structure. The introduction contains the reasons for the topic and sets the objectives of the study. It also defines the methodological framework to achieve the aims. The research part is divided into three parts. Firstly, the changes in the Czech tax policy during recent crises are described, and the reasons and legal consequences are analysed. To be able to add the wealth tax into the property taxes system, the current structure of property taxation in the Czech Republic is briefly introduced and analysed, also from a historical perspective. Finally, the wealth tax legal regulation in all European countries applying the wealth tax is compared, using the basic structural components of the (wealth) tax. The discussion part of the study answers the most important questions connected with the eventual drafting of the wealth tax in the Czech Republic. In this part, the authors are using the knowledge gained from the international comparison, taking into account local specifics in the Czech Republic.

This article partially draws on research and analytical findings presented in works dedicated to changes in Czech tax legislation in the context of recent crises, particularly the COVID-19 pandemic and the energy crisis.[1] The issue of property tax reform in the Czech Republic has been addressed in the works of R. Boháč, R. Vybíral and M. Radvan, as well as in the joint study by Á. Pál and M. Radvan, which assessed recent legislative changes.[2] At the supranational level, current trends

[1] See M. Radvan, T. Svobodová, *Reformy daňového práva v (ne)souvislosti s Covid-19*, "Studia Iuridica Cassoviensia" 2021, vol. 9(2); M. Radvan, S. Papavasilevská, *Abolition of Tax on Acquisition of Immovable Property: A Tool to Suppress the Negative Consequences of Covid-19 or a Politicum?*, "Public Governance, Administration and Finances" 2020, vol. 5(2); M. Mariański, M. Radvan, *Tax Amendments in Times of Crises in Poland and Czech Republic – Selected Legal Aspects*, "Studia Prawnoustrojowe" 2024, no. 64.

[2] R. Boháč, *Inheritance Tax, Gift Tax and Real Estate Transfer Tax in the Czech Republic*, "Socialinių mokslų studijos" 2010, vol. 2(6); R. Vybíral, *Integrace daně dědické a daně darovací do daní z příjmů*, "Acta Universitatis Carolinae – Iuridica" 2013, vol. 59(3); M. Radvan, *Dědická daň v hledáčku Evropské unie*, [in:] *Vybrané otázky daňovej politiky Európskej únie a jej členských štátov*, eds. K. Červená, A. Románová, M. Karabinoš, M. Kočiš, Košice 2013; idem, *Are Changes in (Czech Direct) Tax Law Necessary, or Is It Just a Politicum?*, "Public Governance, Administration

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in wealth and capital taxation are analysed in reports by the European Commission and the OECD,[3] while the 2025 EATLP Congress presented comparative studies of wealth taxation systems in France, Luxembourg, Switzerland, Spain, Norway, Slovenia, Hungary and other countries.[4] Despite the existence of these academic publications, research in the field of property taxation, particularly in connection with wealth taxation, remains fragmented, and most texts in the Czech context are merely descriptive in nature, lacking in-depth legal analysis or a comprehensive assessment of the fiscal and socio-economic impacts of the proposed changes.

RESEARCH AND RESULTS

1. Changes in the tax policy of the Czech Republic during recent crises

Like most European countries, the Czech Republic has faced a series of crises in recent years. The COVID-19 pandemic (2020–2022) had a significant impact on the national economy, causing a drop in GDP, disruptions in global supply chains and a growing budget deficit. Since 2022, a new challenge has been the full-scale war in Ukraine, which led to an energy crisis, rising energy prices and inflationary pressures. These challenges necessitated a quick response from the state, in particular through tax policy, which was presented as an anti-crisis measure. As a result, the Czech Republic made a number of significant changes in substantive tax law, including both the abolition of certain taxes and the introduction of new mechanisms to mitigate the tax burden. Among the most important steps are the abolition of the property transfer tax[5] and the de facto abolition of the road tax on personal cars, which came into force in 2022 as part of the energy crisis package.[6] In

and Finances Law Review" 2022, vol. 7(1); Á. Pál, M. Radvan, *A Critical Review of the 2024 Czech Property Tax Amendments*, "Studia Iuridica Cassoviensia" 2025, vol. 13(1).

[3] OECD, *The Role and Design of Net Wealth Taxes in the OECD*, Paris 2018; OECD, *Housing Taxation in OECD Countries*, OECD Tax Policy Studies, No. 29, Paris 2022; European Commission, *Taxes in Europe Database: France – Capital Tax – Tax on Real Estate Wealth*, 1.1.2025, https://ec.europa.eu/taxation_customs/tedb/#/tax-details?taxId=269&versionDate=1742316454&isEuro=true&taxType=OTHER_DIRECT (access: 16.5.2025); European Commission, *Taxes in Europe Database: Luxembourg – Capital Tax – Wealth Tax*, 1.1.2025, https://ec.europa.eu/taxation_customs/tedb/#/tax-details?taxId=392&versionDate=1735686000&isEuro=true&taxType=OTHER_DIRECT (access: 16.5.2025).

[4] P. Beltrame, S. Quilici, *France*, EATLP Congress 2025, 1.5.2025; P. Bieri, N. Ezzaini, R. Matteotti, *Switzerland*, EATLP Congress 2025, 1.5.2025; L. Pardavi, B.P. Király, D. Borsa, I. Hoffmann, G. Hulkó, *Hungary*, EATLP Congress 2025, 1.5.2025; J.E. Varona Alabern, *Spain*, EATLP Congress 2025, 1.5.2025.

[5] M. Radvan, S. Papavasilevská, *op. cit*.

[6] M. Radvan, *"Laissez-Faire" Principle in Tax Law during the Crises*, "Studia Iuridica Lublinensia" 2023, vol. 32(2).

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addition, other measures have been taken, including the abolition of the super-gross wage concept as a basis for personal income taxation, the introduction of a loss carryback mechanism and a number of temporary tax exemptions.[7]

Particularly noteworthy is the abolition of the property transfer tax, which came into force in September 2020. While the official explanation linked it to the pandemic's economic consequences, discussions about this tax had already been ongoing for years. In fact, the measure addressed long-standing criticism from politicians, economists and taxpayers alike. The tax had been widely perceived as burdensome and a barrier to housing mobility. Still, its abolition resulted in a significant loss of revenue – about CZK 14 billion – though this was partially offset by the extension of the "time test" for income from the sale of real estate not used for personal residence from 5 to 10 years. The government also proposed to abolish the tax deduction for mortgage interest, but this initiative was rejected by the Parliament. Instead, the annual limit for the deduction was reduced from CZK 300,000 to CZK 150,000 per household.[8]

Another fundamental step was the two-stage reduction of the road tax, aimed at supporting the transport sector and reducing operating costs during the crisis. The first cut, adopted in 2020, provided for an average reduction of 25% in tax rates for all vehicles with a maximum permissible weight of more than 3.5 tonnes. This decision was retroactive to 1 January 2020 and resulted in a revenue loss of approximately CZK 1 billion to the State Transport Infrastructure Fund. The second reduction, introduced in 2022, was even more radical. Vehicles with a maximum permissible weight of up to 3.5 tonnes – that is, all passenger cars, as well as buses and trucks in this category – were completely excluded from the list of taxable objects. The reform was retrospective from 1 January 2022 and meant the effective abolition of the tax on personal cars. At the same time, the rates for heavier vehicles were reduced to the minimums allowed by EU directives. In accordance with the provisions of the Eurovignette Directive, the road tax was retained only for certain categories of heavy vehicles, e.g. for single cars with two axles only from 12 tonnes, with three axles from 16 tonnes, etc. The loss of budget revenues from this second phase of the reform is estimated at approximately CZK 4.2 billion annually. This change was part of a broader fiscal adjustment strategy, which also included the abolition of the mandatory addition of biofuels to fuels and other measures aimed at reducing energy costs for consumers.[9]

Other changes introduced in response to the crisis include the abolition of the super gross salary, which had been used as a basis for personal income tax since 2008. This system, unique in Europe, included not only gross wages but also social

[7] Idem, *Are Changes…*
[8] M. Radvan, T. Svobodová, *op. cit*.
[9] M. Radvan, *"Laissez-Faire" Principle…*

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and healthcare contributions, which created a double taxation effect. This approach was criticised for being unfair and encouraging shadow employment. In 2021, the classic model with two rates of 15% and 23% was introduced, depending on the amount of income. Although the reform had broad political support, experts warned of a fiscal deficit of more than CZK 100 billion and disproportionate benefits for wealthy taxpayers.[10] A loss carryback mechanism was also introduced, allowing companies to compensate for losses incurred during the pandemic or energy crisis by adjusting tax liabilities for profitable previous years.[11]

In addition, the government introduced a number of temporary tax incentives, including increasing the limit on deductions for charitable contributions to 30% of income, accelerated depreciation of assets, which stimulated investment, and exemption from VAT and import duties on medical supplies and energy needed in times of crisis.[12]

Although these measures were aimed at supporting businesses and households, many of them were also politically motivated and could have been implemented regardless of the crisis context.[13] Taken together, these steps, which were taken mainly in 2020–2022, had a significant impact on the structure of tax revenues and led to a decline in state budget revenues. As a result, in 2022–2023, the government was forced to look for compensatory mechanisms, with temporary taxes, rate revisions, cuts in benefits and a large-scale fiscal reform in the form of the Consolidation Package, which came into force on 1 January 2024, playing a key role. These changes were a necessary response to the financial instability, but they also marked an increase in the tax burden on individuals and legal entities, which poses risks to the pace of economic recovery.[14]

2. Current structure of property taxation in the Czech Republic

As is obvious from the description and analyses above, several taxes were (fully or partially) abolished in the Czech Republic, referring to the various crises of the last few years. Moreover, the inheritance tax and the gift tax were abolished from the 2014 taxable period.[15]

Despite their potential, property taxes often remain on the periphery of fiscal discussions. This tendency is further reinforced by recent initiatives of international organisations, such as the EU and the OECD, which focus mainly on other types

[10] M. Radvan, T. Svobodová, *op. cit*.
[11] M. Radvan, *Are Changes…*
[12] M. Radvan, T. Svobodová, *op. cit*.
[13] M. Radvan, *Are Changes…*
[14] M. Mariański, M. Radvan, *op. cit*.
[15] R. Boháč, *op. cit*.

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of taxes, such as income and consumption taxes. However, despite the fact that property taxes account for a relatively small share of government revenues, they are considered to be among the least harmful to economic growth and, at the same time, serve as a stable source of revenue.[16]

In the Czech Republic, property taxes play an important but relatively limited role in the overall tax system. They are levied on a regular basis, and all collected funds are fully credited to community budgets. Despite their long-standing use, property tax revenues in the Czech Republic are consistently lower than even moderate levels in other developed countries.[17] The fiscal difficulties of recent years – including the COVID-19 pandemic, the energy crisis and politically motivated decisions in tax policy – have further highlighted the need for additional sources of public finance. This has sparked discussions not only about improving the efficiency of existing property taxes but also about introducing new instruments, such as a wealth tax. In 2023, the Czech Parliament adopted amendments to the relevant legislation aimed at significantly increasing property tax revenues across the country.[18] At the same time, the idea of introducing a wealth tax remained on the margins of the political agenda.

The main recurrent property tax in the Czech Republic is the real estate tax, which is divided into two main components: the land tax and the tax on buildings and taxable units. This tax is regulated by Act No. 338/1992 Sb. (Immovable Property Tax Act, IPTA) and is paid annually based on the condition of the property as of 1 January of the relevant tax period. Although the tax is administered centrally and its parameters are determined at the national level (within the IPTA), all revenues from this tax are fully transferred to the budget of the community where the taxable property is located. In addition, municipalities have a certain influence on the structure and amount of the tax, which gives some experts grounds to consider it a de facto local tax.[19]

As for non-recurring property taxes, until 2014, the system also included an inheritance and gift tax, and until 2020, a real estate transfer tax, as mentioned above. Over the past two decades, the country has consistently moved towards reducing the tax burden on the transfer and ownership of property, which eventually led to the complete abolition of these taxes. This approach makes the Czech Republic stand out in the European context, raising both positive assessments from taxpayers and concerns from experts about fiscal efficiency and tax fairness. In particular, since 2014, the Czech Republic has completely abolished separate inheritance and gift taxation. Instead, a model of integration into the personal income tax was introduced,

[16] Á. Pál, M. Radvan, *op. cit*.

[17] OECD, *Housing Taxation…*, para. 3.3.1.

[18] Á. Pál, M. Radvan, *op. cit*.

[19] M. Radvan, *Municipal Charges on Communal Waste: Do They Compete with the Immovable Property Tax?*, "Journal of Financial Management of Property and Construction" 2019, vol. 24(2).

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under which only large gifts are subject to taxation under the general PIT regime. The main arguments in favour of this decision were the administrative complexity, low revenue and lack of legal transparency of the previous system.[20] At the same time, the absence of a unified approach to inheritance taxation at the EU level allowed the Czech Republic to choose its own deregulation strategy in this area.[21]

In its history, the Czech Republic never introduced any wealth tax.

3. European wealth tax regulations

The wealth tax can be defined as a recurrent tax on individuals' net wealth. It is a direct property tax. The European law does not explicitly deal with wealth taxes; the decision of whether to impose the wealth tax, the individual structural components of such a tax and the level of taxation are at the discretion of national governments. However, the wealth tax and its construction must not influence the single market, i.e. the free flow of goods, services and capital. It also must not negatively impact fair competition so that businesses in one EU Member State do not have an unfair advantage over competitors in another. The wealth tax must not discriminate against consumers, workers or businesses from other EU Member States.

Only a few EU Member States introduced any type of wealth tax: France, Hungary, Luxembourg, Slovenia and Spain. Except for Luxembourg, where the wealth tax revenue creates 2.7% of GDP, the revenue is not essential, as it does not even reach 0.2% of GDP.[22] Also, with reference to the low revenue, the wealth tax was abolished during the last decades in Austria, Denmark, Germany, Finland and Sweden.[23]

Except for Hungary, wealth taxes in EU Member States are imposed at the national level. Nevertheless, the Hungarian Parliament adopted the national wealth tax twice: the luxury tax introduced in 2005 for high-value real estate and vehicles was cancelled by the Constitutional Court in 2008, while the second attempt to collect the wealth tax on certain high-value assets in 2009 was repealed before the first tax declarations in 2010.[24] To a certain extent, a Spanish wealth tax can also be seen as a local tax, as regions may set higher minimum exemptions, influence the rates and introduce additional deductions. Such autonomy causes significant differences between regions, which was the reason for adopting a new, fully national, temporary solidarity tax on large fortunes. Both Spanish wealth taxes are closely interlinked: the amount paid for the wealth tax can be deducted from the solidarity

[20] R. Vybíral, *op. cit*.

[21] M. Radvan, *Dědická…*

[22] OECD, *A Comparative Tables of Countries in the Global Database*, 5.2.2025, https://tiny.pl/m81f6hn5 (access: 5.2.2025).

[23] M. Radvan, *General Report*, EATLP Congress 2025, 1.5.2025.

[24] L. Pardavi, B.P. Király, D. Borsa, I. Hoffmann, G. Hulkó, *op. cit*.

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tax. However, being aware that the taxpayers have to pay at least the amount equal to the national solidarity tax, municipalities increased the "local" wealth taxes.[25]

Generally, taxpayers are exclusively natural persons, with the purpose of avoiding penalizing businesses and stimulating investments.[26] On the contrary, the net wealth tax in Luxembourg applies only to legal persons except partnerships, whereas the tax on individuals was abolished in 2006.

The object of taxation is primarily the immovable property and corresponding rights and values, including shares in companies holding real estate. The general rules state that tax residents are liable for their worldwide property, while non-residents pay the tax only on the property situated in the territory of a given country.[27] However, real estate abroad may be exempted in accordance with the provision in double tax treaties. Concerning other than immovable property, the Hungarian community tax also includes motor vehicles.[28] The broadest is the Norwegian wealth tax, covering cash and cash equivalents, inventories, fixed property, movable property (such as machinery, vehicles, artwork) and shares in companies.[29] Also, Luxembourg wealth tax includes both movable and immovable, tangible and intangible property.[30]

The tax base is primarily the net wealth – the property's net value, i.e. the difference between the market value assessed on a specific date (usually 1 January) and the debts (the value of liabilities and obligations connected to the property). Almost every legal regulation of the wealth tax includes certain non-taxable minimums. In France, it is EUR 1,300,000 plus 30% relief applicable to the market value of the property the taxpayer owns and occupies as their main home.[31] Spanish regulation grants the exemption of EUR 300,000 for the habitual place of residence and the basic tax-free allowance of EUR 700,000 for the wealth tax and EUR 3,700,000 for the solidarity tax.[32] In Slovenia, the tax base is reduced by an amount equivalent to the value of 160 m^2 of the living space for permanent residency. The first owners of new or substantially renovated residential properties are exempt for 10 years. Big families can deduct 10% from the tax on residential property for the fourth and each additional member of the family.[33]

All types of percentage tax rates are possible for the taxation of wealth: linear (France), progressive (Slovenia, Spain) and even degressive (Luxembourg). Slo-

[25] J.E. Varona Alabern, *op. cit*.
[26] See also OECD, *The Role…*, p. 94.
[27] See also R.S. Rudnick, R.K. Gordon, *Taxation of Wealth*, [in:] *Tax Law Design and Drafting*, ed. V. Thuronyi, vol. 1, Washington 1996, p. 303.
[28] L. Pardavi, B.P. Király, D. Borsa, I. Hoffmann, G. Hulkó, *op. cit*.
[29] H. Skar, *Norway*, EATLP Congress 2025, 1.5.2025.
[30] European Commission, *Taxes in Europe Database: Luxembourg…*
[31] European Commission, *Taxes in Europe Database: France…*
[32] J.E. Varona Alabern, *op. cit*.
[33] K. Štemberger Brizani, P. Kovač, *Slovenia*, EATLP Congress 2025, 1.5.2025.

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venia applies lower rates for residential property and higher rates for recreation premises.[34] A certain connection to the income taxation is evident in the French example: personal income tax, including social contributions, added to the wealth tax, must not exceed 75% of the income. Similarly, the wealth tax administration can be associated with the income tax. Another French specificity is that the wealth tax can be paid by transferring works of art, books, collectibles or real estate, if previously authorized by the tax administration.[35]

DISCUSSION AND CONCLUSIONS

The research above shows that individual EU Member States have different approaches concerning the taxation of wealth. Most countries do not collect any wealth tax, being aware of many problematic legal, economic and mainly political circumstances. The analysis of the structural components of wealth taxes opens several questions that have to be answered if the Czech Republic decides to adopt the wealth tax.

Should the wealth tax be a local tax or a national tax? The answer to this question depends on the definition of the object of taxation. If the immovable property is exclusively liable to tax, the wealth tax should be the local tax. However, if other property is also taxable, the revenue should be shared between the municipal and the national budgets. In every case, the municipalities should have the right to influence the wealth tax and its revenue, setting the tax rates and granting certain exemptions. Also, the tax should be administered by the central tax offices, as the Czech Republic has too many small municipalities that are incompetent to administer the tax themselves.

Should the wealth tax also be paid by businesspeople? The wealth tax should be paid exclusively by natural persons. Any additional taxes on legal entities would cause disadvantages compared to foreign entities, restrict investment and worsen the business environment.

Should the wealth tax also include immovable property abroad? The solution to tax all immovable property situated in the territory of the given country, no matter who the owner is, and not to tax property abroad seems to be clever with regard to the control: national tax administration bodies are mostly directly (online) connected to the cadasters (land registers) what allows automatic digital control of the individual construction components (such as the taxpayer – owner, object of taxation – type of immovable property, tax base – value of the property, correction elements, etc.) and tax payments.

[34] *Ibidem*.

[35] P. Beltrame, S. Quilici, *op. cit*.

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Does the wealth tax mean the double taxation of immovable property? It must be stated that all EU Member States that have wealth taxes are also collecting recurrent property taxes. The immovable property is thus liable for two taxes simultaneously, which means the double or even multiple taxation of the same property. The approach of individual states and courts differs. While the Hungarian (local) community tax was several times reviewed by the Supreme Court of Hungary, and the ban on double taxation was interpreted very strictly,[36] the coexistence of the recurrent property tax and the wealth tax is legally accepted in Norway or Switzerland.[37]

From the Czech perspective, we believe that the wealth tax, as an additional recurrent tax on immovable property, would be found constitutional, under the condition that it does not have a choking effect (it does not excessively interfere with taxpayers). Fulfilling this condition, the decision to impose (or abolish) any tax is solely a political decision.

Should the wealth tax also include property other than immovable property? Generally, it would be fair to define the object of wealth taxation as broadly as possible. Besides immovable property, it would be appropriate to tax also means of transport, such as motor vehicles, ships, yachts, vessels, planes and helicopters. As all means of transport are registered by state authorities, the tax office could have a direct online (digital) approach to the information about the owners and specifics necessary for proper taxation. Such a characteristic is also met in the case of shares and other securities in dematerialised form. However, paper securities would be difficult to trace and thus susceptible to tax evasion. Generally speaking, in the case of non-registered property (e.g. paintings, sculptures, art and other collections), it would be difficult to identify the property and the taxpayer. The administrative costs would significantly increase.

Should the wealth tax regulation offer certain social benefits? Every tax regulation has its social function, including the wealth tax. It seems to be reasonable to grant certain social benefits to the taxpayers. Primarily, the wealth tax should tax the net wealth of each taxpayer above certain limits, i.e. a non-taxable minimum should be set. As wealth is usually created at the household level, there should be a minimum for each household member. However, following the tradition that the taxpayers in the Czech Republic are (besides legal entities) individuals only (and not the household as a specific taxable unit), each member of the household should be liable to tax with their non-taxable minimum. Only if a specific member of the household is not liable to tax (e.g. a child having no property) shall their taxable minimums be transferable to another member of the household liable to the wealth tax.

Another social benefit should be connected to the primary residence, i.e. the place where the household is really situated. There are two options for granting

[36] L. Pardavi, B.P. Király, D. Borsa, I. Hoffmann, G. Hulkó, *op. cit*.

[37] H. Skar, *op. cit.*; P. Bieri, N. Ezzaini, R. Matteotti, *op. cit*.

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such a benefit: additional non-taxable minimum and percentage reduction in the value of the property. In every case, debts (e.g. mortgage) must be deducted from the property's value.

Valuation and reevaluation – how and how often? Measuring the net value of the property is a critical issue for the fairness of the wealth tax. The correct value must be checked frequently, if not annually. However, valuation is costly, administratively and time-consuming. The principle of efficiency implies that the administrative burden for both the tax authorities and the taxpayers should be low. If the property is liable to any other property tax using the value as the tax base (typically a recurrent property tax), the value can be used for both taxes. However, in the case of any other property (collections, stocks, etc.), self-valuation is the only possibility for defining the taxable value.

To avoid annual reevaluation, the inflation coefficient can be used to ensure that the taxable value is as close as possible to the market value. Nevertheless, such a solution can be used for the property where a sustained increase in value is assumed (e.g. immovable property). However, in the case of means of transport, the value usually decreases. The deflation coefficient can be used in such situations. Still, many other properties liable to tax have a floating value (typically stocks, securities, art collections, etc.). Again, self-valuation seems to be the only reasonable tool for setting a fair taxable value.

What are adequate wealth tax rates? The decision on wealth tax rates is primarily political. However, we believe that municipalities should have adequate rights to influence the tax rate. As the Czech Republic is a country very specific with regard to the high number of municipalities (almost 6,300), having very small population and inadequate competence to adopt any bylaw at the local level, we would prefer a general (national) tax rate and also the maximum tax rate defined in the national law while municipalities should get the right to modify the specific tax rate in their local bylaws.

From a very general perspective, the wealth tax might be a good tool not only for its fiscal effects (mainly at the local level) but also for its other functions, such as the redistribution of wealth in society. Also, from a legal perspective, it is possible to draft a high-quality and detailed enough regulation. However, many obstacles prevent the adoption of such a tax, not only in the Czech Republic. The initial question is the definition of the object of taxation: the broader the definition of the tax base is, the fairer the tax is. Without any doubt, immovable property should be included as an object of taxation. However, adding movable property (and specifically non-registered property) might cause many problems. While means of transport (motor vehicles, ships, yachts, vessels, planes, helicopters) or shares and other securities in dematerialised form can be easily identified adopting a digitalized wealth tax with a possibility of tax officials of a direct online (digital) approach to the information about the owners and specifics necessary in the registers, other

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property such as paper securities, paintings, sculptures and other collections of arts would be difficult to trace. Identifying such a property could significantly increase the administrative costs. The same conclusion can be stated when dealing with the valuation of the property subject to the wealth tax. Measuring net worth (i.e. checking the correct values) should be relatively frequent, if not annual. Even if the mass valuation and specific general valuation rules in connection with inflation and deflation coefficients could lower the administrative burden for both the tax authorities and the taxpayers, we do not believe that the principle of efficiency is thoroughly followed.

Many other than legal obstacles prevent the adoption of the annual wealth tax. As the recurrent property tax is unpopular among taxpayers, the perception of the wealth tax would be even more complicated. The wealth tax means the multi-taxation of (immovable) property. To avoid tax evasion, the wealth tax on net wealth requires high tax morale, which is lacking not only among Czech and other Central and Eastern European taxpayers. The wealth tax may also undermine the economic attractiveness and competitiveness of countries. Ultimately, it can be stated that introducing wealth taxes is a political decision.

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ABSTRAKT

Podczas niedawnych kryzysów (w szczególności pandemii COVID-19 i rosyjskiej agresji na Ukrainę powiązanej ze wzrostem cen energii) państwa europejskie znowelizowały wiele norm prawa podatkowego w celu zwiększenia dochodów budżetowych oraz wsparcia przedsiębiorców i gospodarek narodowych. Niezbyt wiele z tych zmian dotyczyło podatków od kapitałów własnych. Celem artykułu jest potwierdzić lub obalić hipotezę, że podatek majątkowy może być jednym z rozwiązań w pakiecie nowelizacji prawa podatkowego w Republice Czeskiej w czasach polikryzysu. W związku z tym należało przedstawić i przeanalizować fundamentalne zmiany w dziedzinie regulacji prawnopodatkowej, ze szczególnym uwzględnieniem opodatkowania mienia. Analizie poddano również poszczególne elementy konstrukcji podatków majątkowych pobieranych w państwach europejskich. Uzyskana wiedza pozwala stwierdzić, czy podatek majątkowy byłby odpowiednim instrumentem podatkowym w czasach polikryzysu oraz potencjalnie opracować odpowiednią konstrukcję podatku majątkowego dla Republiki Czeskiej i innych państw na podobnym poziomie rozwoju gospodarczego.

Słowa kluczowe: podatek majątkowy; podatek od kapitału własnego; polikryzys; Republika Czeska

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